

## REVENUE - STATE

State support for the operation of the public schools is derived primarily from the Basic State Aid appropriation. The amount appropriated to each school division from this source is based on the application of an established cost-per-pupil (for each locality) as determined by the state for each pupil in average daily membership (ADM). This amount, minus the state sales and use tax, and the ability of the locality to support its public schools establishes the contribution by the state and the required contribution of the locality. Additional state aid is received in other categories according to specific guidelines established by the State Department of Education. Major sources of state revenue are highlighted below.

**Basic Aid:** Funding is established at **\$5,115** per pupil in average daily membership minus the state sales and use tax, and the local share based on the financial ability of the locality (composite index at .3465) as prescribed by the state formula. Funding was \$5,104 per pupil for 2010-2011 (the final year federal ARRA State Fiscal Stabilization Funds (SFSF) could be used to supplant state basic aid costs).

**State Sales Tax:** The state annually distributes to the school system a portion of the state sales tax revenue (1-1/8%) designated for the support of public education. The amount received each year is determined by the amount of total state collections. The budgeted sales tax amount for 2011-2012 is based on an estimate by the state Department of Taxation of Chesapeake's share of statewide sales tax revenue.

**Textbooks:** Funding is established at **\$40.56** per pupil in average daily membership minus the local share based on the financial ability of the locality as prescribed by the state formula. Funding is based on a system of free textbooks. Textbook funding is split between SOQ and Lottery funds for 2011-2012. If Lottery funds do not meet estimates, textbook funding will be reduced. Funding was budgeted at \$52.54 per pupil for 2010-11.

**Career and Technical Education:** Funding is established at \$118 per pupil in average daily membership minus the local share based on the financial ability of the locality as prescribed by the state formula. A portion of the revenue in this category results from state support for adult education, occupational and technology education, and for on-site administration of a career and technical education high school. Funding was \$118 per pupil for 2010-2011.

**Gifted and Talented:** Funding is established at **\$45** per pupil in average daily membership minus the local share based on the financial ability of the locality as prescribed by the state formula. Funding was \$45 per pupil for 2010-2011.

**Special Education:** Funding is established at **\$647** per pupil in average daily membership minus the local share based on the financial ability of the locality as prescribed by the state formula. Funding was \$647 for 2010-2011. Additionally, a portion of the revenue in this category results from state support for homebound instruction, foster care, and regional tuition payments.

**Remedial Education:** Funding is established at **\$68** per pupil in average daily membership minus the local share based on the financial ability of the locality as prescribed by the state formula. Funding was \$68 per pupil for 2010-2011.

**VRS Contribution, Social Security Benefits, and Group Life Insurance:** The state share of each payment is based upon a per-pupil amount for each student in average daily membership minus the local share based on the financial ability of the locality. The per-pupil amounts for 2011-2012 are as follows: VRS - \$236; FICA - \$260; Group Life - \$10. The employer VRS rate increases to 6.33% in 2011-2012 (a 2.40% increase from 2010-2011). Group Life and the professional Retiree Health Care Credit employer percentages remain the same at .28% and .60% respectively. Funding for 2010-2011 was VRS - \$154; FICA - \$260; Group Life - \$10.

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(continued)

**ESL:** Funding has been included to assist with students who speak English as a second language. The funding formula is based on the number of students served (projected at 643 for 2011-2012) minus the local share based on the financial ability of the locality as prescribed by the state formula. Funding is provided from Lottery proceeds.

**Remedial Summer School:** Funding is established at **\$458** per remedial student attending elementary or secondary summer school minus the local share based on the financial ability of the locality as prescribed by the state formula. For 2010-2011, funding was \$458 per remedial student. Funding is provided from Lottery Proceeds.

**At Risk:** Special funding is included to support programs for students who are educationally at risk. Funding is provided based on a percentage of students in Chesapeake who are eligible for the free lunch program. Funding is provided from Lottery Proceeds.

**Early Reading Intervention:** Funding is provided for early intervention services to primary grade students. The number of eligible students is determined by PALS (Phonological and Literacy Screening) diagnostic test or free lunch eligibility if PALS is not available. Funding is provided from Lottery Proceeds.

**K-3 Primary Class Size:** Funding is included to reduce class size in grades K-3 below the required SOQ standard for schools with free lunch eligibility of 16% and greater. The pupil teacher ratios funded range from 14:1 to 20:1, with the lower ratios provided at schools with higher free lunch percentages. Funding is provided from Lottery Proceeds.

**SOL Algebra Readiness:** Funding is for math intervention services to students in grades 7 and 8 who are at risk of failing the Algebra I test given at the end of the course. Funding is provided from Lottery Proceeds.

**Mentor Teacher Program:** Funding is made available for experienced teachers to provide assistance and support to new teachers. Funding is provided from Lottery Proceeds.

**Lottery Proceeds:** Lottery proceeds are used to fund the following programs; Foster Care, a portion of the Composite Index Hold Harmless, At Risk, Virginia Preschool Initiative, Early Reading Program, Mentor Teacher Program, K-3 Primary Class Size Reduction, School Breakfast, SOL Algebra Readiness, Alternative Education, ISAEP, Special Education-Regional Tuition, Career and Technical Education, English as a Second Language, Remedial Summer School, and Textbooks (split funding with SOQ). Lottery funding is dependent on actual receipts from participating players. A decrease in actual receipts from the estimates could affect the funding for any of these programs.

**Forest Reserve:** The U.S. Fish and Wildlife and Minerals Management Service distribute funds generated from the leasing of lands required for flood control and navigation. In Virginia these funds are used in support of public education.

**Composite Index Hold Harmless:** Second year of funding to provide relief to school divisions whose state revenues decreased as a result of the 2010-2012 recalculation of the Local Composite Index. The amount for 2011-2012 was adjusted by the value of the Supplemental Support for School Operating Costs above.

**Supplemental Support for School Operating Costs:** One time supplemental payment to be used solely for operational educational purposes based on the state's share of \$129.62 per pupil. These funds may not be used for **capital expenditures**.

**Local Share:** Calculated by the state for each school division. The local share requirement is directly tied to state support for education. Local share is projected at \$78,966,799 for 2011-2012 compared with \$76,402,260 for 2010-2011.

## REVENUE - STATE

REVENUE ACCOUNT	2009-2010 BUDGET	2009-2010 REVENUE	2010-2011 BUDGET	2011-2012 BUDGET	INCREASE/ DECREASE
Basic Aid	120,736,342	111,070,395	100,353,029	103,048,553	2,695,524
State Sales Tax	38,376,185	36,321,392	36,554,242	39,383,744	2,829,502
Textbooks	3,183,781	1,465,394	1,329,594	1,021,221	-308,373
Career and Technical Education	3,279,274	3,283,555	3,200,488	3,222,018	21,530
Gifted and Talented	1,208,827	1,219,499	1,138,785	1,133,012	-5,773
Special Education	24,150,004	23,956,633	24,310,205	23,544,316	-765,889
Remedial Education	1,826,672	1,842,798	1,720,830	1,712,107	-8,723
VRS Contributions	8,945,318	6,774,992	3,897,174	5,942,019	2,044,845
FICA Contributions	6,957,470	7,018,891	6,579,644	6,546,292	-33,352
Group Life Insurance	241,765	189,700	253,063	251,780	-1,283
ESL	350,612	362,650	327,355	393,273	65,918
Remedial Summer School	1,659,304	1,373,923	1,277,725	1,102,333	-175,392
At Risk	958,925	948,592	1,067,076	1,063,944	-3,132
Reading Intervention	430,140	500,760	464,629	413,004	-51,625
Class Size	2,230,332	2,211,224	1,994,520	2,053,191	58,671
SOL Algebra Readiness	262,391	262,391	262,663	262,663	0
Mentor Teacher Program	22,930	11,123	17,506	17,506	0
Lottery Proceeds-funds other resources	2,441,024	3,128,691	0	0	0
Forest Reserve Payments	600	3,000	600	600	0
Miscellaneous	0	26,512	0	0	0
Composite Index Hold Harmless 2011	0	0	11,086,597	1,899,111	-9,187,486
Supplemental Support for School Ops		0	0	3,262,664	3,262,664
<b>TOTALS</b>	<b>217,261,896</b>	<b>201,972,115</b>	<b>195,835,725</b>	<b>196,273,351</b>	<b>437,626</b>